

**Taxpayer Burden Can Be Reduced By
Ensuring That Taxpayers Have
Accurate Information for Submitting
Power of Attorney Forms**

March 2002

Reference: 2002-10-077

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

March 29, 2002

MEMORANDUM FOR COMMISSIONER, SMALL BUSINESS/SELF-EMPLOYED
DIVISION

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Taxpayer Burden Can Be Reduced By
Ensuring That Taxpayers Have Accurate Information for
Submitting Power of Attorney Forms (Audit # 200110037)

This report presents the results of our review of the Internal Revenue Service transition plan for processing power of attorney (POA) forms at three service centers and the contact information available to the public for submitting the forms. The overall objectives of this review were to determine the accuracy of information provided to the public for submitting POA forms and to determine if the Internal Revenue Service (IRS) had a plan to transition the processing of POA forms from 10 to 3 service centers. It is important that telephone numbers, facsimile (fax) numbers, and mailing addresses for POA forms be accurate to help ensure that tax professionals are provided with timely access to taxpayers' accounts. Delays in providing tax professionals the authority to represent a taxpayer can result in delays in responding to notices, as well as, additional tax, interest, and penalty assessments.

In summary, the IRS began centralizing the processing of POA forms from 10 to 3 service centers in mid-December 2001. IRS management developed plans to prevent an interruption of service during this transition period and took the following actions:

- IRS management issued guidance to advise taxpayers of the changes for submitting and processing POA forms.
- Service centers began redirecting POA forms received through the mail or by fax to the Memphis or Ogden Service Center.

However, prior to the centralization (during August and September 2001), we determined that telephone and fax numbers for taxpayers to call or to submit POA forms were not always correct or operable.

- Six of 17 telephone numbers in service centers did not work properly.
- Five of 21 fax numbers in service centers did not work properly. We could not determine if an additional 8 of 21 fax numbers were operable because we did not receive acknowledgements.

In addition, 13 of 22 documents mailed to service centers were not acknowledged as received by the offices that process POA forms, so we could not determine if the documents were received in those offices.

On October 12, 2001, we issued a memorandum to IRS management presenting the results of our tests regarding the accuracy of telephone numbers, fax numbers, and mailing addresses. We included recommendations to provide the IRS with the opportunity to take immediate action to correct information in publications, internal guidelines, and the IRS' public internet site and to ensure that telephone and fax numbers were operating correctly in the 10 service centers prior to centralizing the processing of POA forms.

Management's Response: Small Business/Self-Employed (SB/SE) Division management attempted to repair every telephone or fax line but several could not be repaired. Recorded messages or employees who answer telephones now in use in other departments will direct the caller to the correct number. IRS management revised all incorrect addresses, telephone numbers and fax numbers in the Form 2848 instructions, the Internal Revenue Manual, and on the IRS Intranet Website. They also plan to make the revised Publication 947 available to the public by April 2002.

Management's complete response to the draft report is included as Appendix VI.

Copies of this report are also being sent to the IRS managers who are affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

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Taxpayer Burden Can Be Reduced By Ensuring That Taxpayers Have Accurate Information for Submitting Power of Attorney Forms

Background

The Internal Revenue Code Section (§) 6103(c) (2001) prohibits the release of taxpayer information to third parties without authorization by the taxpayer. Tax professionals can submit a Power of Attorney (POA) and Declaration of Representative (Form 2848) to an Internal Revenue Service (IRS) Centralized Authorization File (CAF) unit at an IRS service center¹ to notify the IRS of authorization to represent a specific taxpayer. After the completed Form 2848 with the required signatures is processed, the representative can directly contact the IRS to discuss that taxpayer's account.

Previously, tax professionals could mail or facsimile (fax) Forms 2848 to any of the 10 IRS service centers for processing. In mid-December 2001, the IRS began centralizing the processing of POA forms for domestic taxpayers at the Ogden and Memphis Service Centers. POA forms for international taxpayers will continue to be processed at the Philadelphia Service Center.

IRS management information reports show that during Calendar Year 2000, the IRS processed approximately 2.3 million POA forms. This includes 1.6 million forms received via paper and 0.7 million via fax. Because such a large number of taxpayers use professional representation, it is important that telephone numbers, fax numbers, and mailing addresses for POA forms be accurate to help ensure that tax professionals are provided timely access to taxpayers' accounts.

We performed our work from July through December 2001 in the Small Business/Self-Employed (SB/SE) and the Wage and Investment (W&I) Divisions, and in the 10 IRS service centers² in accordance with *Government Auditing Standards*. Detailed information on our audit objectives, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

¹ An IRS service center is also known as an IRS campus.

² The IRS service centers are located in Andover, Massachusetts; Atlanta, Georgia; Austin, Texas; Cincinnati, Ohio; Fresno, California; Holtsville, New York; Kansas City, Missouri; Memphis, Tennessee; Ogden, Utah; and Philadelphia, Pennsylvania.

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Plans Were Developed to Prevent an Interruption of Service When Centralizing the Processing of Power of Attorney Forms

The IRS developed plans to prevent an interruption of service when centralizing the processing of POA forms from 10 to 3 service centers.

Management developed and implemented transition plans to provide for continued operation

The Andover, Atlanta, Austin, Brookhaven (located in Holtsville, New York), Cincinnati, Fresno, Kansas City, and Philadelphia Service Centers stopped processing POA forms for domestic taxpayers in December 2001. The POA forms were redirected to the Ogden or Memphis Service Center.

- POA forms received in the mail and placed in inventory prior to December 15, 2001, were processed in the service center where received.

Beginning December 15, 2001, the Receipt and Control functions in the eight service centers started identifying the Forms 2848 when received in the mail and forwarding them to either the Ogden or Memphis Service Center for processing.

- POA forms received via fax and placed in inventory prior to December 22, 2001, were processed in the service center where received.

Beginning December 22, 2001, fax numbers in the eight service centers were disabled. POA forms faxed to one of the eight-disabled fax numbers were automatically redirected to a fax number in either the Ogden or Memphis Service Center. This redirection was invisible to taxpayers and tax professionals.

Beginning January 3, 2002, a message was placed on the eight-disabled fax numbers advising taxpayers and tax professionals of the new fax numbers in the Ogden and Memphis Service Centers. This message will be in service until February 15, 2002.

Management took action to advise taxpayers and tax professionals of the changes

The IRS Communications Division developed a communications campaign, *News For You 2002*, to notify the public about the many improvements in tax

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administration and tax policy. It includes a “fact sheet” that outlines the change for processing POA forms. The fact sheet advises taxpayers and tax professionals to send POA forms to either the Memphis or Ogden Service Center and for international taxpayers, to the Philadelphia Service Center. The correct telephone numbers, fax numbers, and mailing addresses were provided.

The IRS’ centralization plans also included revising the sources of information already available to taxpayers and tax professionals.

- Form 2848 instructions were revised in January 2002. Practice Before The IRS and Power of Attorney (Publication 947) will be revised by April 2002. Both show that POA forms should be mailed or faxed to the Memphis or Ogden Service Center, whichever is closest to the taxpayer. The publications also provide the IRS’ toll-free telephone number if taxpayers or tax professionals have additional questions.
- Internal Revenue Manual (IRM) 21.3.7 was revised in October 2001. It includes the current telephone and fax numbers and mailing addresses for the 10 service centers, and it includes a note that beginning in January 2002, processing of POA forms would be performed at the Memphis and Ogden Service Centers.
- The “Tax Professional’s Corner” on the IRS’ Internet website was revised in mid-December 2001. It provides the fax numbers and mailing addresses for the Memphis and Ogden Service Centers and alerts taxpayers and tax professionals of the upcoming centralization of work.
- The Service-wide Electronic Research Program on the IRS’ intranet website was revised in mid-December 2001. This is an internal resource for IRS employees to use. It provides the fax numbers and mailing addresses for the Memphis and Ogden Service Centers.

Telephone and Fax Numbers for Submitting Power of Attorney Forms Were Not Always Correct or Operable

When we contacted the CAF units during August and September 2001, the IRS was still processing POA forms at all 10 service centers. Using the instructions that were available to the public in August 2001, we tested the accuracy of the IRS’ instructions for submitting POA forms.

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We determined that we could not always contact the service center CAF units using the telephone numbers, fax numbers, and mailing addresses provided by the IRS to taxpayers and tax professionals. The incorrect contact information was only a problem until January 2002, when the centralization was implemented and new instructions and publications were issued to the public with the correct information. However, anyone attempting to submit POA forms before January 2002 could have faced increased taxpayer burden if they used the incorrect or inoperable numbers.

As of mid-August 2001, the IRS included instructions for taxpayers to follow when submitting Forms 2848 in these sources:

- Publication 947 – Revised January 1999
- Form 2848 instructions – Revised January 2000
- Processing Third Party Authorizations (IRM 21.3.7 – Revised October 2000)
- Internet Tax Professional's Corner (the IRS' *Digital Daily*)
- Servicewide Electronic Research Program (SERP) (the IRS' Intranet website)
- The IRS' Toll-Free Telephone Number

Telephones were not always operable for the CAF units

We called the CAF units in the 10 service centers using the 17 telephone numbers identified from the sources listed above. Eleven of the 17 telephone numbers for the CAF units worked properly when tested. However, six telephone numbers did not work properly:

- Two rang in other units within the service centers which provided us with the correct telephone number for the CAF units.
- Two had recordings that the extension was not valid or the extension did not answer.
- Two had immediate busy signals, indicating that they were possibly out of service.

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Fax numbers were not always operable for the CAF units

We attempted to fax test documents to the 21-fax numbers identified from the sources listed above. Eight of 21 test documents were acknowledged as received by the CAF units.

Five test documents could not be faxed:

- One fax number was answered by an employee's voice message.
- Three fax numbers repeatedly had an immediate busy signal, indicating the fax line may have been out of service.
- One fax number was not answered after numerous attempts to fax the document.

We could not determine if the remaining eight documents were received in the CAF units because we did not receive acknowledgements.

Test documents mailed to the 10 service centers were not always acknowledged

We mailed test documents to the 22 addresses as identified from the sources listed above. Nine of the 22 test documents were acknowledged as received by the CAF units. Thirteen documents were not acknowledged as received by offices that process POA forms:

- Two documents were acknowledged as received in service centers, but not by the CAF units. Although we did receive an acknowledgement, we could not determine if these employees would have forwarded a POA form to the CAF unit. The test documents were sent to the general service center mailing addresses that did not include CAF unit identifier numbers (because none were provided in the instructions we were using). However, employees in the Receipt and Control function may not have known to send the test documents to the CAF units because we did not send a Form 2848 with our test documents.

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- No acknowledgement was received for the remaining 11 test documents, so we could not determine if the documents were received in the CAF units.

IRS management advised us that the incorrect numbers occurred because changes were periodically made to telephone and fax numbers in the CAF units at various service centers but the corrections were not always made in the applicable documents. For example, Publication 947 and Form 2848 are considered continuous use documents and are only updated on an as needed basis. In addition, IRS management informed us that telephone or fax number changes may not have been significant enough to warrant updating these documents. The IRMs are normally updated annually, so the changes to the CAF unit telephone and fax numbers in IRM 21.3.7 would be updated accordingly. Also, management explained that the telephone and fax numbers on the Internet and Intranet web sites are more current because they can be updated when changes occur. For our tests, 9 of the 11 inoperable telephone and fax numbers were identified from Publication 947 and the remaining 2 were from IRM 21.3.7.

Due to these inaccuracies, additional burden may have been created for taxpayers and tax professionals if they had to conduct further research and resend Forms 2848. During these delays, tax professionals cannot discuss issues with the IRS on behalf of taxpayers, which may delay the resolution of a taxpayer's issues. Delays can result in additional tax, penalties, and interest assessments, as well as increased taxpayer frustration. It can also result in additional expense to the taxpayer for the tax professional's repeated attempts to submit the POA form.

On October 12, 2001, we issued a memorandum (see Appendix IV) to IRS management presenting the results of our tests regarding the accuracy of telephone numbers, fax numbers, and mailing addresses. We included recommendations to provide the IRS with the opportunity to take immediate action to correct information in publications, internal guidelines, and the IRS' public internet site and to ensure the CAF unit telephone and fax numbers were

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operating correctly in the 10 service centers prior to centralizing the processing of POA forms.

IRS management agreed to correct information in publications, internal guidelines, and the IRS public Internet website. In addition, management advised that after the transition of processing POA forms at the Memphis and Ogden Service Centers, IRS instructions will provide a specific Post Office Box or Stop Number for mailing POA forms (rather than just providing the general service center mailing address). However, IRS management did not ensure that the inoperable telephone and fax numbers were corrected prior to the centralization. Management's complete response to the memorandum is included as Appendix V.

Recommendations

1. SB/SE management should ensure that telephone numbers and fax numbers documented in current publications are operable. If this is not feasible, a recorded message should be used to direct the caller to the correct telephone or fax number, or the number should be programmed to roll over to the correct telephone or fax number.

Management's Response: SB/SE management attempted to repair all telephone and fax lines. Several lines could not be repaired by the telephone carrier. Recorded messages and in some instances employees who answer the telephones now in use in other departments will direct callers to the correct number.

2. SB/SE and W&I management should correct all incorrect telephone numbers, fax numbers, and mailing addresses in the publications and forms that are scheduled for revision in November 2001. Updates should be sent as soon as possible to correct the information in the IRM and on the IRS Intranet. IRS management should also include information in the revised documents explaining that beginning in January 2002, POAs will only be processed at the Memphis and Ogden Service Centers. Any changes that

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may occur to the contact information for those two service centers should be included in revised printed material. In addition, a statement should be added to the publications directing taxpayers and representatives to 1-800-829-1040 for assistance if they have a problem contacting a CAF unit.

Management's Response: IRS management revised incorrect mailing addresses, telephone numbers and fax numbers in the Form 2848 instructions, the Internal Revenue Manual, and the IRS Intranet Website. They also plan to make the revised Publication 947 available to the public by April 2002.

Detailed Objectives, Scope, and Methodology

The overall objectives of this review were to determine the accuracy of information provided to the public for submitting power of attorney (POA) forms and to determine if the Internal Revenue Service (IRS) had a plan to transition the processing of POA forms from 10 to 3 service centers. We performed the following work:

- I. Identified five IRS sources that contained the telephone and fax numbers and the mailing addresses for the Centralized Authorization File (CAF) units.
 - A. Interviewed IRS' Small Business/Self-Employed (SB/SE) and Wage and Investment (W&I) employees and identified two sources that contained contact information for the CAF units.
 - B. Researched Internal Revenue Manual (IRM) and IRS internet/intranet websites and identified three sources that contained telephone numbers, facsimile (fax) numbers, and mailing addresses for the CAF units.
- II. Contacted the CAF units using the information found in sub-objective I.
 - A. Telephoned the CAF units at the 10 service centers and determined whether each of the 5 IRS sources contained accurate telephone numbers, fax numbers, and mailing address information.
 - B. Faxed and mailed test documents to the CAF units using the contact information available in each of the IRS' sources and determined whether they were received. The test documents requested that the recipient contact us to acknowledge receipt.
- III. Identified IRS management's plans for centralizing the processing of POA forms from the 10 service centers to the Memphis or Ogden Service Center.
 - A. Determined if the SB/SE and the W&I Division management included information about the planned centralization for processing POA forms at the Memphis and Ogden Service Centers in the revised Power of Attorney and Declaration of Representative (Form 2848) instructions and Processing Third Party Authorizations (IRM 21.3.7).
 - B. Identified the IRS' schedule for changing the telephone and address information to reflect its new processing procedures.
 - C. Reviewed the SB/SE management plan to handle the increased workload at the Memphis and Ogden Service Centers.

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1. Identified the established receipt cutoff dates for the eight service centers that would no longer process POA forms for domestic taxpayers.
2. Identified the procedures that would be followed by the eight service centers if they received forms after the established cutoff dates in III.C.1.

Major Contributors to This Report

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Appendix III

Report Distribution List

Commissioner N:C

Commissioner, Wage and Investment Division W

Director, Customer Account Services, Small Business/Self-Employed Division S:CAS

Director, Customer Assistance, Relationships and Education, Wage And Investment
Division W:CAR

Chief Counsel CC

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Director, Legislative Affairs CL:LA

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Liaisons:

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Commissioner, Wage and Investment Division W

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Appendix IV

Memorandum #1: Internal Revenue Service Source Documents Contain Inaccurate Telephone and Facsimile Numbers and Mailing Addresses for Submitting Power of Attorney Forms



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 12, 2001

Response Date
October 29, 2001

MEMORANDUM FOR COMMISSIONER, SMALL BUSINESS/SELF-EMPLOYED
DIVISION
COMMISSIONER, WAGE AND INVESTMENT DIVISION

FROM:

Daniel R. Devlin
Daniel R. Devlin
Assistant Inspector General for Audit (Headquarters
Operations and Exempt Organizations Programs)

SUBJECT:

TIGTA Memorandum - Internal Revenue Service Source
Documents Contain Inaccurate Telephone and Facsimile
Numbers and Mailing Addresses for Submitting Power of
Attorney Forms (200110037)

This memorandum provides the results of our review of information available to the general public for submitting a Power of Attorney (POA) and Declaration of Representative (Form 2848). The accuracy of this information helps ensure that taxpayers can timely notify the Internal Revenue Service (IRS) when tax professionals are authorized to represent them. Delays in providing tax professionals the authority to represent a taxpayer can result in delays in responding to notices, as well as to additional tax, interest and penalty assessments. We are providing our results and recommendations in an interim memorandum to bring this issue to your attention as soon as possible so you can initiate the corrections to the IRS publications that contain telephone and facsimile (fax) numbers and mailing addresses for taxpayers and representatives to submit POA forms.

We would appreciate receiving the IRS' written response to the findings and recommendations within 15 calendar days from the date of this memorandum. Please contact me at (202) 622-8500 if you have questions or Nancy A. Nakamura, Director (Taxpayer Bill of Rights), at (404) 338-7416.

Objective and Scope

One objective of this audit was to determine the accuracy of telephone numbers, fax numbers, and mailing addresses provided by the IRS to taxpayers for

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submitting a POA form. We identified this information from the following IRS publications and other sources:

- Practice Before the IRS and Power of Attorney (Publication 947 – Revised January 1999)
- Power of Attorney and Declaration of Representative (Form 2848 Instructions – Revised January 2000)
- Processing Third Party Authorizations (Internal Revenue Manual 21.3.7 – Revised October 2000)
- Internet Tax Professional's Corner (IRS Digital Daily)
- Servicewide Electronic Research Program (SERP) (IRS Intranet).

Publication 947 and Form 2848 Instructions are currently scheduled for revision and will be sent to the Publishing Division in November 2001. Revisions to Internal Revenue Manual 21.3.7 are scheduled for distribution in October 2001.

We tested the accuracy of the telephone numbers, fax numbers, and mailing addresses by performing the following work at all ten service centers.

- During the week of August 20, 2001, telephoned the 17 telephone numbers identified from the sources above to verify the accuracy of the telephone numbers.
- On August 30, 2001, faxed test memoranda to the 21 fax numbers identified from sources listed above to determine if the test documents would be received by the appropriate Centralized Authorization File (CAF) unit.
- On September 4, 2001, mailed test memoranda to the 22 mailing addresses identified from sources listed above, to determine if the test documents would be received by the appropriate CAF unit.

We requested that the recipients acknowledge receipt of the test memorandums faxed or mailed to them by contacting our Treasury Inspector General for Tax Administration audit staff.

Results

We determined that we could not always contact the CAF units using the telephone numbers, fax numbers, and mailing addresses identified in the publications and other sources listed above. As a result, tax professionals may have to conduct additional research or make additional contacts with the IRS to determine the correct contact information for submitting a POA. The results of our tests include the following.

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Telephones Did Not Always Work Properly for the Centralized Authorization File Units

Eleven of the 17 telephone numbers for CAF units worked properly when tested. Of the six telephone numbers that did not work properly: two numbers rang in other units within the service centers which provided us the correct telephone number for the CAF unit; two had recordings that "the extension was not valid" or "the extension does not answer;" and two had an immediate busy signal indicating that they were possibly out of service.

Fax Numbers Did Not Always Work Properly for the Centralized Authorization File Units

Eight of 21 test memoranda were acknowledged as received when faxed. For 8 of the remaining 13 memoranda, we received a fax received tone when the documents were transmitted, indicating the fax was received, but we were not contacted by an employee acknowledging receipt of the test document. For the remaining five memoranda: one fax number was answered by an employee's voice message; three fax numbers had an immediate busy signal indicating the fax line may be out of service; and, one fax number was not answered after several attempts to fax the memorandum.

Test Memorandums Mailed to the Ten Service Centers Were Not Always Acknowledged

Nine of the 22 test memoranda were acknowledged as received by CAF employees. We received telephone calls to acknowledge receipt of two other memoranda; however, the memoranda were not received at the address to which they were mailed. No response was received for the remaining 11 memoranda.

The complete results of our testing of the accuracy of fax numbers and mailing addresses are included in Appendix I.

Recommendation

1. IRS Small Business/Self-Employed and Wage and Investment management should ensure that telephone numbers and fax numbers documented in current publications are operable. If this is not feasible, a recorded message should be used to direct the caller to the correct telephone or fax number or the number should be programmed to roll over to the correct telephone or fax number.
2. IRS Small Business/Self-Employed and Wage and Investment management should correct all incorrect telephone numbers, fax numbers, and mailing addresses in the publications and forms that are scheduled for revision in November 2001. Updates should be sent as soon as possible to correct the information in the Internal Revenue Manual and on the IRS Intranet. IRS

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management should also include information in the revised documents explaining that beginning in January 2002, POAs will only be processed at the Memphis and Ogden Service Centers. Any changes that may occur to the contact information for those two service centers should be included in revised printed material. In addition, a statement should be added to the publications directing taxpayers and representatives to telephone 1-800-829-1040 for assistance if they have a problem contacting a CAF unit.

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Appendix I

Results of Attempts to Contact Internal Revenue Service Centralized Authorization File Units

Service Center Contacted	Voice Number Telephoned	Result of Telephone Call	Fax Number Telephoned	Result of Attempt to Send Fax	Mailing Address Memo Sent To	Result of Response to Mailed Memo
Andover	978-474-5276	Rings in the Returns & Income Verification Services Unit. An Employee Provided Number for the CAF Unit.	978-474-9405	Immediate Busy Signal. Not in Service	Internal Revenue Service 310 Lowell St Andover, MA . 01810	Receipt Acknowledged
	978-474-5632	CAF Unit Answered	978-474-9701	Receipt Acknowledged By CAF Employee	Internal Revenue Service Andover, MA. 05601-0015	No Response Received
			978-474-9744	Receipt Acknowledged By CAF Employee		
Atlanta	678-530-6304	CAF Unit Answered	678-530-6302	Receipt Acknowledged By CAF Employee	Internal Revenue Service PO Box 47-421 - Stop 188 Doraville, GA. 30362	Receipt Acknowledged
			678-530-6303	Rings at an Employee's Desk	Internal Revenue Service Atlanta, GA. 39901-0015	Receipt Acknowledged by Non-CAF Employee.
Austin	512-460-0500	Recording. Extension does not answer	512-460-0178	No Response Received	Internal Revenue Service South Interregional Hwy. Austin, TX. 73301 Stop 6737 AUSC	No Response Received
	512-460-7847	CAF Unit Answered			Internal Revenue Service Austin, TX. 73301-0015	No Response Received
Brookhaven	516-654-6660	Recording. Extension Not Valid - Call Disconnected	631-654-6583	No Response Received	Internal Revenue Service Holtzville, N.Y. 00001-0015	No Response Received
	631-654-6660	Recording. Extension Not Valid - Call Disconnected	516-654-6583	No Response Received	Internal Revenue Service 1040 Waverly Ave. Stop 630 Holtzville, N.Y. 11742	No Response Received
Cincinnati	606-262-5768	Immediate Busy Signal	859-262-5185	No Response Received	Internal Revenue Service PO Box 267 - Stop 533 Covington, KY. 41019	No Response Received
	859-262-5768	CAF Unit Answered until 10/1/01	859-669-3165	No Response Received	Internal Revenue Service Cincinnati, OH 45299-0015	Receipt Acknowledged by a Non-CAF Employee
	859-669-5768	CAF Unit Answered	606-262-5185	Immediate Busy Signal. Not in Service		

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Service Center Contacted	Voice Number Telephoned	Result of Telephone Call	Fax Number Telephoned	Result of Attempt to Send Fax	Mailing Address Memo Sent To	Result of Response to Mailed Memo
Fresno	559-454-7180	CAF Unit Answered	559-454-6334	Receipt Acknowledged By CAF Employee	Internal Revenue Service PO Box 12067 Stop 52340 Fresno, CA, 93776	Receipt Acknowledged
					Internal Revenue Service Fresno CA, 93888-0015	No Response Received
					Internal Revenue Service PO Box 12067 Stop 65103 Fresno, CA, 93776	Receipt Acknowledged
Kansas City	816-623-5960	Immediate Busy Signal; Not In Service	816-623-2078	Immediate Busy Signal	Internal Revenue Service Kansas City, MO, 64999-0015	Receipt Acknowledged
	816-623-7720	CAF Unit Answered	816-623-7803	Receipt Acknowledged By CAF Employee	Internal Revenue Service Annex 1 Stop 6800 Kansas City, MO, 64999	Receipt Acknowledged
Memphis	901-546-4176	CAF Unit Answered	901-546-4115	Receipt Acknowledged By CAF Employee	Internal Revenue Service 5333 Goshall Rd Stop 5324 Memphis, TN, 37501	No Response Received
					Internal Revenue Service Memphis, TN, 37501-0015	No Response Received
Ogden	801-620-6473	Rings in the Entry Unit; An Employee Provided Number for the CAF Unit.	801-620-6671	No Answer After Several Attempts	Internal Revenue Service Ogden, UT, 84201-0015	Receipt Acknowledged
	801-620-4254	CAF Unit Answered	801-620-4249	Receipt Acknowledged By CAF Employee	Internal Revenue Service PO Box 8941 Stop 6737 Ogden, UT, 84409	Receipt Acknowledged
			801-620-4250	Receipt Acknowledged By CAF Employee		
			801-620-4251	Receipt Acknowledged By CAF Employee		
Philadelphia	215-516-4770	CAF Unit Answered	215-516-5964	No Response Received	Internal Revenue Service Philadelphia, PA, 19255-0015	Receipt Acknowledged
			215-516-5965	No Response Received	Internal Revenue Service DP-4211 Philadelphia, PA, 19255	No Response Received
					Internal Revenue Service DP-527 Philadelphia, PA, 19255	No Response Received

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Appendix V

Management's Response to Memorandum #1



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

November 20, 2001

MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR
TAX ADMINISTRATION

FROM:

John M. Delrymple
John M. Delrymple
Commissioner, Wage and Investment Division

SUBJECT:

TIGTA Memorandum # 200110037-Internal Revenue Service
Source Documents Contain Inaccurate Telephone and
Facsimile Numbers and Mailing Addresses for Submitting
Power of Attorney Forms

Thank you for your memorandum pointing out that you were not always able to contact Centralized Authorization File (CAF) units using the telephone numbers, FAX numbers, and addresses currently contained in instructions for Form 2848 (Power of Attorney and Declaration of Representative), Publication 947 (Practice Before the IRS and Power of Attorney), and several other documents.

The IRS is in the midst of CAF consolidation and database centralization. As of July 1, 2001, the 10 CAF databases were consolidated into 1 centralized database. On January 1, 2002, the database will be relocated onto the IBM mainframe. At that time, the processing of all third party authorization requests on Forms 2848 and other forms will centralize in two Small Business/Self-Employed (SB/SE) sites, Ogden Accounts Management Center and Memphis Accounts Management Center, with International processing remaining in Philadelphia Accounts Management Center.

RECOMMENDATION 1

IRS SB/SE and Wage and Investment (W&I) management should ensure that telephone numbers and fax numbers documented in current publications are operable. If this is not feasible, a recorded message should be used to direct the caller to the correct telephone or fax number or the number should be programmed to roll over to the correct telephone or fax number.

RECOMMENDATION 2

IRS SB/SE and W&I management should correct all incorrect telephone numbers, fax numbers, and mailing addresses in the publications and forms that are scheduled for revision in November 2001. Updates should be sent as soon as possible to correct the information in the IRM and on the IRS intranet. IRS management should also include

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information in the revised documents explaining that beginning in January 2002, POAs will only be processed at the Memphis and Ogden Service Centers. Any changes that may occur to the contact information for those two service centers should be included in revised printed material. In addition, a statement should be added to the publications directing taxpayers and representatives to telephone 1-800-829-1040 for assistance if they have a problem contacting a CAF unit.

ASSESSMENT OF CAUSE

CAF Consolidation and database centralization resulted in changed telephone numbers, FAX numbers, and addresses.

CORRECTIVE ACTIONS

The Director, Tax Forms and Publications, W&I Division, will revise Form 2848 instructions and Publication 947 to incorporate correct telephone numbers, FAX numbers, and mailing addresses. The Chief, Accounts Management, Policy, Procedure and Guidelines, SB/SE Division, will assure that the Servicewide Electronic Research Program (SERP), Internet Tax Professional's Corner, and IRM 21.3.7 are revised.

IMPLEMENTATION

March 1, 2002 - revisions to Form 2848 Instructions and Publication.

December 18, 2001 - updating SERP, the Internet, and the IRM.

RESPONSIBLE OFFICIALS

Director, Tax Forms and Publications, W&I Division
Chief, Accounts Management, Policy, Procedure and Guidelines, SB/SE Division

Please contact Steve Soria, Chief, Accounts Management, Policy, Procedure and Guidelines for questions related to the SB/SE corrective actions. For W&I corrective actions, please contact Carolyn Tavenner, Director, Media and Publications, for additional information. Your staff can contact Jesse Gonzales/Vanessa Hicks at (202) 283-0295 for SB/SE or Stacey Becker at (202) 622-7622 for W&I.—

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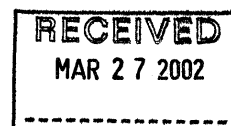
Appendix VI

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

MAR 27 2002



MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

FROM:

Joseph A. Kehoe
Joseph Kehoe
Commissioner, Small Business/Self Employed Division

SUBJECT:

Draft Response - Taxpayer Burden Can Be Reduced By
Ensuring That Taxpayers Have Accurate Information for
Submitting Power of Attorney Forms (Audit # 200110037)

I have reviewed your report regarding the processing of Form 2848, Power of Attorney (POA) and Declaration of Representative. Taxpayers use this form to notify the IRS that a third party is authorized to represent them, or to authorize the IRS to release information to a third party. The Centralized Authorization File (CAF) Unit of IRS processes and stores the data entered on this form.

To improve operations, we centralized processing of the Form 2848 from ten service centers, now called campuses, to three centers. This process began in June 2001. We successfully placed the CAF units in the Memphis and Ogden Campuses for domestic taxpayers and the Philadelphia Campus for International taxpayers. We also began converting telephone and fax lines used by POAs and other representatives to notify the IRS of their authorization.

During your audit, you found several inoperable or incorrect telephone and fax numbers, which we had provided to the public before we completed the centralization of our POA processing. As a result, you issued a memorandum on October 21, 2001 recommending we immediately correct these errors. We agreed several numbers were incorrect, and we moved quickly to correct as many of the numbers as possible.

We were unable to correct all the numbers and notify the public of the changes made during the memorandum response period because we had not finished the revision of several forms and publications. Additionally, our telephone carrier could not correct technical problems. Further, we were revising the Internal Revenue Manual (IRM), which provides instructions to employees.

We agree with your report; all telephone and fax numbers should be corrected and all publications and forms should be changed to show these corrections.

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Our comments on your specific recommendations follow:

RECOMMENDATION 1

SB/SE management should ensure that telephone numbers and fax numbers documented in current publications are operational. If this is not feasible, a recorded message should be used to direct the caller to the correct telephone or fax number, or the number should be programmed to roll over to the correct telephone number or fax number.

ASSESSMENT OF CAUSE

Some telephone and fax numbers printed in IRS publications and other information sources we provided to taxpayers to assist taxpayers in submitting POA forms were obsolete.

CORRECTIVE ACTION

A lengthy review of the publications, fax numbers, and telephone numbers for the Centralized Authorization File (CAF) Units was underway when you started your review of this process, and we have since completed it. We revised all forms, publications, and websites identified as sources of information. These include:

Publication 947, *Practice Before the IRS and Power of Attorney* (March 2002) and IRM 21.3.7.5.1, *Processing Third Party Authorizations to the Centralized Authorization File* (October 2001) that provide practitioners and employees with the CAF fax numbers, phone numbers, and addresses for the three campuses. In addition, our IRM provides employees with information to direct practitioners to the correct CAF campus according to client location.

Several telephone numbers we originally used for POA certification are now being used for other functions, such as refund inquiries and adjustments. We have directed employees who answer these phone lines to give callers the correct phone and fax numbers and correct IRS addresses. Whenever possible, we use a recorded message to give callers the new CAF contact information when they call an obsolete CAF number.

We tried to fix every line, however, some lines still ring "fast busy." Our telephone carrier, unfortunately, cannot resolve this problem. However, we have issued internal Service-wide Electronic Research Program (SERP) alerts and messages to Internet sites such as Tax Professional's Corner and the Digital Daily to ensure that internal and external customers are aware of CAF changes.

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IMPLEMENTATION DATE

Completed.

RESPONSIBLE OFFICIAL(S)

Ronald Mackey, Chief, Accounts Management, Policies, Procedure and Guidance,
SB/SE CAS

RECOMMENDATION 2

SB/SE and W&I management should correct all incorrect telephone numbers, fax numbers and mailing addresses in the publications and forms that are scheduled for revision in November, 2001. Updates should be sent as soon as possible to correct the information in the IRM and on the IRS intranet. IRS management should also include information in the revised documents explaining that beginning in January 2002, POAs will only be processed at the Memphis and Ogden Service Centers. Any changes that may occur to the contact information for those two service centers should be included in revised printed material. In addition, a statement should be added to the publications directing taxpayers and representatives to 1-800-829-1040 for assistance if they have a problem contacting a CAF unit.

ASSESSMENT OF CAUSE

Form 2848 and Publication 947 had not cleared through Notice Clarity Review and were not approved for publication at the anticipated time.

CORRECTIVE ACTION

The instructions for Form 2848 (revised January 2002) are currently available to the public. They list all current and correct information.

However, Publication 947 is not available. It is in the final stages of approval for printing and distribution. We have revised it to include the updated CAF telephone numbers and addresses. The publication will go to print before the end of March 2002.

You also recommended we include updates and consolidation information in IRMs and on the Intranet as soon as possible. We have placed the necessary information on SERP, an intranet site. Our employees visit the site daily for instructions, procedures, and new information. Additionally, employees have the updated IRM 21.3.7.3.1.1 (5) for procedural information to assist taxpayers with the transition to the centralized CAF units.

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IMPLEMENTATION DATE

Form 2848 – completed
Publication 947, April 2002

RESPONSIBLE OFFICIAL(S)

Ronald Mackey, Chief, Accounts Management, Policies, Procedure and Guidance,
SB/SE CAS
Chris Balzereit, Director, Media and Publication W&I

If you have any questions, please contact John Ressler, Director SB/SE Customer
Account Services at (859) 669-5557 or Ronald Mackey at (202) 283-0348.